

Bush Advisers Study Ways to Refocus

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a change in the capital-gains tax.

The proposals are aimed at sustaining the gains of the Reagan years — one of the longest stretches of economic growth in history. But to do so, the Bush advisers say they must refocus economic policy to assure prosperity in the coming decades and answer criticisms that the Reagan Administration favored spending over saving and undermined the economy with huge budget deficits.

Details of the proposals are still being developed, officials said, but policy changes in all of these areas could be presented within a year or so. Some of the objectives will require legislation. The tax break on capital gains could show up in the budget proposals Mr. Bush will make to Congress next month, as modifications to the budget that President Reagan will submit on Monday.

The work on these and other proposals is being directed by a Competitiveness Study Group directed by Deputy Treasury Secretary M. Peter McPherson, who, it was learned, has been asked to stay on indefinitely to manage the project. The membership of the team is not fixed because Mr. McPherson draws on people from other departments when their expertise is necessary. On Friday, a meeting of the group was devoted to the

capital-gains tax.

"We have spent a lot of time up front here on the question of long-term versus short-term decision making on the part of business leadership," Mr. McPherson said in an interview.

Officials say the specific changes are likely to become part of a much broader campaign, lasting throughout the new administration, that will involve at least two other top economic policy makers who are not yet involved: Richard G. Darman, whom Mr. Bush has picked for budget director, and Michael J. Boskin, who will become Mr. Bush's chief economic adviser.

In their speeches and writings before the campaign, both men expressed concern about what many economists consider a fundamental failing of the American economy: its orientation toward spending rather than saving and an accompanying erosion of the standard of living.

Timid Business Leaders

In November, 1986, Mr. Darman, who was then Deputy Treasury Secretary, made a speech accusing many big corporations of being a "corpoocracy," which he described as a "tendency to be like the Government bureaucracy that corporate executives love to malign: bloated, risk-averse, inefficient and unimaginative."

Sometime after the new adminis-

A team is formed to encourage increased savings and investment.

tration takes office, Mr. Brady and Mr. Darman are likely to expand the question of short term versus long term to encompass education, worker training, savings and investment, and the condition of the nation's roads, airports and bridges, officials said.

Many economists with expertise in public policy applaud the work of Mr. McPherson's group, but they said it would not amount to much unless the new administration also makes large cuts in the budget deficit.

Tripling the National Debt

Because of the annual deficits, the national debt will have tripled just in the 1980's, to \$2.8 trillion, according to official estimates. The Government's need to sell securities to make payments on the debt takes money out of the economy that investors, businesses and the Government might use for economic expansion.

"They're clearly trying to do something about saving and investment," said Emil M. Sunley, director of tax analysis at the accounting firm Deloitte, Haskins & Sells. "But most economists would say to get the Government out of demanding private savings and cut the deficit."

"We've got a motor boat," added Joseph J. Minarik, executive director of the Joint Economic Committee of Congress, speaking of the Treasury study. "We're putting it up against the side of the Queen Mary and trying to change its direction."

Mr. McPherson indicated that changes are needed in at least two areas he is examining: a rewording of the law governing pension funds and an extension of the tax breaks businesses are allowed for research and development.

He said pension fund managers may be misreading the fiduciary responsibilities required of them under

Ladbroke Buys Race Track

Group P.L. said its racing division had a \$11 million the Golden Gate

race track near San Francisco, a leading thoroughbred track and one of two big satellite-betting operations in Northern California.

The Ladbroke Racing Corporation has bought the lease for the track and all the share capital of the Pacific Racing Association along with its exclusive rights to hold race meetings at the course and provide off-track betting services.

question follows the group's on purchase of the Meadows track near Pittsburgh in December.

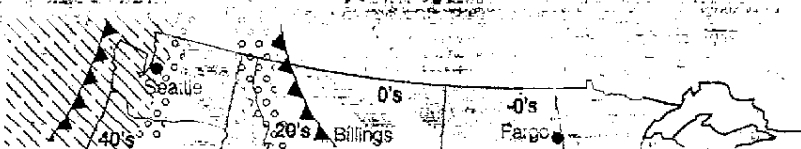
Peter George, chairman of Ladbroke Racing, said the acquisition of Golden Gate Fields established the company as a major player in the growing United States off-track betting market.

"In 1983, Golden Gate Fields' betting operations generated a turnover of approximately \$350 million," Mr. George said.

Metropolitan Forecast

Colder air will move into the Northeast today but a front offshore will keep clouds in the area. Light snow and rain will fall near the Middle Atlantic Coast today but should remain south of the

Today's High Temperatures and Precipitation



Weather